



Revised 10/00
SF 21926

**SCHEDULE
LIC**

Indiana Department of Revenue
**Enterprise Zone
Loan Interest Tax Credit**

For Tax Year Ending:
Month _____ Year _____

(Attach completed form to annual income tax return)

Name of taxpayer (lender)	Social security or federal identification number
Street address	Taxpayer's calendar or fiscal year
City or town, state and zip code	County
Taxpayer's telephone number ()	

PART I		Loan Information	
Name of borrower	Location name of Enterprise Zone		
Street address			
City or town, state and zip code	County	Borrower's telephone number	
Purpose of loan	Borrower's social security or federal identification number		

PART II		Credit Calculation	
1. Qualified interest income received from loan described in PART I.....	1.	\$	
2. Loan Interest Credit - multiply the amount on line 1 by 5% (.05).....	2.	\$	

PART III	Enterprise Zone Interest Credit Carryover
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Enter below the tax period during which the Enterprise Zone Loan Interest Credit originated. Also enter the amount of the credit as it appeared on the original return. DO NOT enter the sum of this year's credit plus any available credit carryover; rather, complete separate schedules for each year a credit is available.

Tax Year Ending	Enterprise Zone Loan Interest Credit Available For Carryforward

(1) Credit Carryforward	(2) Total Amount of Tax	(3) Type of Tax Liability Reduced	(4) Amount Applied	(5) Unused Credit
1st Following Tax Year _____				
2nd Following Tax Year _____				
3rd Following Tax Year _____				
4th Following Tax Year _____				
5th Following Tax Year _____				
6th Following Tax Year _____				
7th Following Tax Year _____				
8th Following Tax Year _____				
9th Following Tax Year _____				
10th Following Tax Year _____				

I certify, I have examined this schedule, and to the best of my knowledge and belief, the information contained in this schedule is true, correct and complete.

Signature of taxpayer: _____ Title: _____ Date signed: _____

Enterprise Zone Loan Interest Tax Credit

I.C. 6-3.1-7-2 provides that a taxpayer in good standing with the Enterprise Zone Board is entitled to an income tax credit of 5% (.05) of the interest income received from qualified loans made to entities using loan proceeds for purposes directly related to businesses located in an enterprise zone* or for improvements increasing the assessed value of real property located in an enterprise zone. A "qualified loan" also includes loans made for rehabilitation, repair, or improvement of a residence to be rented or leased, that is located within an enterprise zone .

*Also, certain airport development zones may substitute as enterprise zones.

For the purpose of the loan interest tax credit, a taxpayer in good standing is defined as an entity conducting business operations within an enterprise zone that,

- (1) receives interest on a qualified loan during the tax year;
- (2) pays the registration fee charged to zone businesses under IC 4-4-6.1-2;
- (3) provides the assistance to urban enterprise associations required from zone businesses under IC 4-4-6.1-2(b); and
- (4) complies with any requirements adopted by the enterprise zone board for taxpayers claiming the loan interest tax credit.

However, if the taxpayer is located outside of an enterprise zone, it is not required to reinvest its incentives within the enterprise zone, other than complying with (2) and (3) above.

The credit is applied to reduce the following state tax liabilities of each qualified taxpayer:

- (1) Gross income tax;
- (2) Adjusted gross income tax (excluding county income tax);
- (3) Supplemental net income tax;
- (4) Insurance premiums tax;
- (5) Financial institutions tax.

Any credit unused in a taxable year may be carried forward up to ten years from the date of the loan until the enterprise zone terminates.

Effective for tax years beginning after December 31, 1999, the term taxpayer includes a pass through entity that is a: S corporation, partnership, trust, limited liability company or limited liability partnership . If a pass through entity is entitled to credit but does not have a state tax liability against which the tax credit may be applied, an individual who is a shareholder, partner, beneficiary or member of the pass through entity is entitled to a pro-rata share of the computed credit.

For purposes of the loan interest credit, interest includes service charges, time-price differentials and all other charges for the use of money. Interest received from loans and lines of credit existing at the time an enterprise zone was designated qualify for the credit if the proceeds are used for a qualified purpose. The loan proceeds must be used for a purpose directly related to a business located in an enterprise zone or for an improvement increasing the assessed value of real property located in an enterprise zone. Thus, interest from mortgage loans to acquire property does not qualify unless the property is used for business purposes (including renting or leasing). If the proceeds of a loan are used to both acquire and improve real property and the acquisition is not for a business purpose, only that portion of the interest attributable to the improvement of the property would qualify for the loan interest credit. If the loan proceeds are used to acquire business property which is subsequently removed from an enterprise zone, only the interest received while the property was used for a business purpose within the enterprise zone would qualify for the credit.

Financial institutions may attach a list of borrowers, including the information in Part I and the amount of each loan, instead of completing a separate schedule for each borrower.

The credit should be claimed on the credit line of the annual tax return. Refer to Income Tax Information Bulletin #66 for additional information. Questions concerning enterprise zone income tax provisions should be directed to:

Indiana Department of Revenue
Returns Processing Center
Corporate Income Tax Section
100 N. Senate
Indianapolis, Indiana 46204-2253
(317) 615-2662

For questions concerning other provisions related to enterprise zones and current locations within the designated cities, contact:

Indiana Department of Commerce
Community Development Division
Enterprise Zone Program
One North Capitol, Suite 700
Indianapolis, Indiana 46204-2288
(317) 232-8911